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**MATRIC NO: 17/SMS02/058**

**COURSE: ACC 302 INTERMEDIATE FINANCIAL ACCOUNTING)**

**COMPUTATION OF RATIO ANALYSIS FOR VARIOUS**

**COMPANIES**

**ACCOUNTING RATIOS**

**1. CONSUMER GOODS – NESTEL**

**GUINNESS**

**2. BANK SECTOR – STANBIC IBTC**

**UBA**

**3. INDUSTIALS – BETA GLASS**

**JULIUS BERGER**

**4. BASIC MATERIALS – BOC GAS**

**PORTLAND PAINTS**

**5. HEALTH CARE – MAY AND BAKER**

**GLAXOSMITH**

**6. TELECOMMUNICATION – MTN**

**CHAMPS**

**7. CONSUMER GOODS – ABC TRANSPORT**

**CAPITAL HOTEL**

**8. OIL AND GAS – OANDO**

**MOBIL**

**CONSUMER GOODS (YEAR 2018)**

**NESTEL**

1. Current Ratio= Current asset 82,734,317

Current liabilities = 92,117,501= 1:1

1. Quick asset or Acid test ratio= current asset – inventory

Current liabilities

= 82,734,317 – 23,124,020

92,117,501 = 1:1

1. Receivables collection period = Average trade receivables × 365 days

Credit sales

=36,802,756 × 365 days

266,274,621 = 50 days

1. Payables payment period = Average trade payables × 365 days

Credit purchases = 53,026,409

151,568,212 =128 days

1. Inventory turnover period = Average inventory × 365 days

Cost of sales = 23,517,161 × 365 days

152,354,445 =56 days

1. Receivables turnover = Credit sales

Average trade receivables = 266,274,621

36,802,756 = 7 times

1. Payable turnover = Credit purchases

Average trade payables = 151,568,212

53,026,409 = 3 times

1. Inventory turnover = Cost of sales

Average inventory = 152,354,445

23,517,161 = 6 times

1. Returns on capital employed = Profit

Capital employed × 100% = 43,008,026

70,216,921 × 100% = 61%

1. Gross profit percentage = Gross Profit

Sales × 100% = 113,920,176

266,274,621 × 100% = 43%

1. Net profit margin = Net profit

Sales × 100% = 43,008,026

266,274,621 × 100% = 16%

**GUINNESS**

a. Current ratio = Current asset

Current liabilities = 54,610,047,000

42,847,115000 = 1:1

b. Quick asset = Current asset – inventory

Current liabilities = 54,610,047,000- 19,032,362,000

42,847,115,000 = 1:1

c. Receivables collection period = Average trade receivables

Credit sales × 365 days = 23,890,304,000 × 365 days

94,350,387,000 = 92 days

d. Payables payment period = Average trade payables

Credit purchases ×365 days = 31,175,725,000

94,350,387,000 × 365 days

= 121 days

e. Inventory turnover period = Average inventory

Cost of sales ×365 days = 11,945,152,000

94,350,387,000 ×365 days

= 46 days

f. Receivables turnover = Credit sales

Average trade receivables = 94,350,387,000

23,890,304,000 = 4 times

g. Payables turnover = Credit purchases

Average trade payables = 117,316,895,000

31,175,725,000 = 4 times

h. Inventory turnover = Cost of sales

Average inventory = 94,350,387,000

11,945,152,000 = 8 times

i. Returns on capital employed = Profit

Capital employed × 100% = 6,717,605,000

240,843,142,000 × 100% = 3%

j. Gross profit percentage = Gross profit

Sales × 100% = 48,625,405,000

94,350,387,000 × 100% = 52%

k. Net profit margin = Net profit

Sales × 100% = 6,717,605,000

94,350,387,000 × 100% = 7%

For the Consumer goods, Nestle and Guinness Current Ratio are the same which means that both companies can pay for their current liabilities. The both companies Quick Assets are also the same i.e 1:1 but from Receivables turnover period, while Nestle will need 50 days to be able to collect their credit accounts from the customer twill take Guinness 92 days to do that. For Payables payment period, it will take Nestle 128 days to pay it suppliers while Guinness needs 121 days to do that. And so on…. I’ll advice the customer to go for Guinness because it more likely to benefit him/her.

**BANK SECTOR (2017)**

**STANBIC IBTC**

1. Returns on capital employed = Profit after tax

Equity × 100% = 25,165

92,654 × 100 = 27%

1. Net profit margin = Net profit

Sales × 100% = 25,165

29,922 × 100 = 84%

1. Expenses percentage = Individual expenses

Total expenses × 100 =

Individual expenses – staff cost

= total expenses = 1,282

= 590

1,282 × 100% = 46%

1. Expenses to sales = Individual expenses

Sales × 100% = 590

29,922 × 100 = 2%

1. Earnings per share = 25
2. Price earnings ratio = Market price per share

Earnings per share = 41.50

25 = 2 years

1. Earnings yield = Earnings per share

Market price per share × 100 = 25

41.50 × 100 = 60%

h. Dividend per share = Gross dividend

Number of ordinary share in issue = 5,025

10,049,465,732 = 0.5

i. Dividend payout ratio = Dividend yield

Earnings per share = 0.5

25 × 100 = 2%

j. Dividend cover = Earnings per share

Dividend per share = 25

0.5 = 50 times

**UBA**

a. Current ratio = Current asset

Current liabilities = 2,626,021

1,961,785 = 1.3:1

b. Quick asset = C

**INDUSTRIALS**

**BETA GLASS (2017)**

a. Current Ratio = Current Asset

Current Liabilities = 26,334,166,000

9,042,950,000 = 3:1

b. Quick Asset = Current Asset – Inventory

Current Liabilities = 26,334,166,000 – 5,025,216,000

9,042,950,000 = 2:1

c. Receivables collection period = Average trade receivables

Credit sales × 365 days = 13,438,292,000

26,321,014 × 365 days = 186 days

d. Payables payment period = Average trade payables

Credit purchases × 365 days = 2,641,214,000

16,938,395,000 × 365 days = 57 days

e. Inventory turnover period = Average Inventory

Cost of sales ×365 days = 25,012,608,000

16,938,395,000 × 365 days = 539 days

f. Receivables turnover = Credit sales

Average trade receivables = 26,321,041,000

13,438,292,000 = 2 times

g. Payables turnover = Credit purchase

Average trade payables = 16,938,395,000

2,641,214,000 = 6 times

h. Inventory turnover = Cost of sales

Average inventory = 16,938,395,000

25,012,608,000 = 1 time

i. Returns on capital employed = Profit

Capital employed × 100% = 4,115,142,000

29,168,663,000 × 100% =14.1%

j. Gross profit percentage = Gross profit

Sales × 100% = 5,247,863,000

16,938,395,000 × 100% = 31.0%

k. Net profit margin = Net profit

Sales × 100% = 4,115,142,000

16,938,395,000 × 100% = 24.3%

**JULIUS BERGER (2017)**

a. Current ratio = Current asset

Current liabilities = 109,403,206,000

103,898,604,000 = 1:1

b. Quick asset = Current asset – Inventory

Current liabilities = 109,403,206,000 – 9,208,956,000

103,898,604,000 = 1:1

c. Receivables collection period = Average trade receivables

Credit sales × 365 days = 35,344,852,000

95,762,476,000 × 365 days = 135 days

d. Payables payment period = Average trade payables

Credit purchases × 365 days = 20,025,993,000

95,762,476,000 × 365 days = 76 days

e. Inventory turnover period = Average inventory

Cost of sales × 365 days = 4,604,478,000

95,762,476,000 × 365 days = 18 days

f. Receivables turnover = Credit sales

Average trade receivables = 95,762,476,000

35,344,852,000 = 3 times

g. Payables turnover = Credit purchases

Average trade payables = 95,762,476,000

4,142,157,000 = 23 times

h. Inventory turnover = Cost of sales

Average inventory = 95,762,476,000

4,604,478,000 = 21 times

i. Returns on capital employed = Profit

Capital employed × 100% = 636,353,000

153,119,858,000 × 100% = 1%

j. Gross profit percentage = Gross profit

Sales × 100% = 30,015,372,000

95,762,476,000 × 100% = 31%

k. Net profit margin = Net profit

Sales × 100% = 636,353,000

95,762,476,000 × 100% = 1%

For Industrials, Beta glass is able to pay for its Current liabilities better than Julius Berger. The both companies Quick Assets also shows that Beta glass’s liquidation is better than that of Julius Berger. But for Receivables turnover period, while Julius Berger will need 135 days to be able to collect their credit accounts from the customer twill take Beta glass 186 days to do that. For Payables payment period, it will take Julius Berger 76 days to pay it suppliers while Beta glass needs 57 days to do that. And so on…. I’ll advice the customer to go for Beta glass because it more likely to benefit him/her.

**BASIC MATERIALS**

**BOC GAS**

a. Current ratio = Current asset

Current liabilities = 2,119,056,000

1,298,954,000 = 2:1

b. Quick asset = Current asset – Inventory

Current liabilities = 2,119,056,000- 156,404,000

1,298,954,000 = 2:1

c. Receivables collection period = Average trade receivables

Credit sales × 365 days = 425,776,000

2,869,713,000 × 365 days = 54 days

d. Payables payment period = Average trade payables

Credit purchases × 365 days = 1,026,198,000

1,425,662,000 × 365 days = 263 days

e. Inventory turnover = Average Inventory

Costs of sales × 365 days = 156,404,000

1,425,662,000 × 365 days = 40 days

f. Receivables turnover = Credit sales

Average trade receivables = 2,869,713,000

425,776,000 = 7 times

g. Payables turnover = Credit purchases

Average trade payables = 1,425,662,000

1, 026,198,000 = 1 time

h. Inventory turnover = Cost of sales

Average inventory = 1,425,662,000

156,404,000 = 9 times

i. Returns on capital employed = Profit

Capital employed × 100% = 357,604,000

3,192,302,000 × 100% = 11%

j. Gross profit percentage = Gross profit

Sales × 100% = 1,444,051,000

1,425,662,000 × 100% =101%

k. Net profit margin = Net profit

Sales × 100% = 357,604,000

1,425,662,000 × 100% = 25%

**PORTLAND PAINTS**

a. Current ratio = Current asset

Current liabilities = 1,718,570,000

700,439,000 = 3:1

b. Quick asset = Current asset – inventory

Current liabilities = 1,718,570,000 – 728,047,000

700,439,000 = 1:1

c. Receivables collection period = Average trade receivables

Credit sales × 365 days = 476,180,000

2,829,262,000 × 365 days = 61 days

d. Payables payment period = Average trade payables

Credit purchases × 365 days = 501,988,000

1,753,972,000 × 365 days = 104 days

e. Inventory turnover period = Average inventory

Cost of sales × 365 days = 728,047,000

1,753,972,000 × 365 days = 152 days

f. Receivables turnover = Credit sales

Average trade receivables = 2,829,262,000

467,180,000 = 6 times

g. Payables turnover = Credit purchases

Average trade payable = 1,753,972,000

501,988,000 = 3 times

h. Inventory turnover = Cost of sales

Average inventory = 1,753,972,000

728,047,000 = 2 times

i. Returns on capital employed = Profit

Capital employed × 100% = 306,635,000

1,551,029,000 × 100% =19.8%

j. Gross profit percentage = Gross profit

Sales × 100% = 1,075,290,000

1,753,972,000 × 100% = 61.3%

k. Net profit margin = Net profit

Sales × 100% = 306,635,000

1,753,972,000 × 100% = 17.5%

For Basic materials, Portland paint is able to pay for its Current liabilities better than BOC Gas. The both companies Quick Assets shows that BOC Gas liquidation is better than that of Portland paint. But for Receivables turnover period, while BOC Gas will need 54 days to be able to collect their credit accounts from the customer twill take Portland paints 61 days to do that. For Payables payment period, it will take Portland paints 104 days to pay it suppliers while BOC Gas needs 263 days to do that. And so on…. I’ll advice the customer to go for BOC Gas because it more likely to benefit him/her.

**HEALTH CARE**

**MAY AND BAKER**

a. Current ratio = Current asset

Current liabilities = 3,504,068,000

3,149,359,000 = 1.1:1

b. Quick asset = Current asset – Inventory

Current liabilities = 3,504,068,000 – 1,270,045,000

3,149,359,000 = 1.5:1

c. Receivables collection period = Average trade receivables

Credit sales × 365 days = 1,944,549,000

7,081,992,000 × 365 days =

100 days

d. Payables payment period = Average trade payables

Credit purchases × 365 days = 1,063,864,000

4,459,253,000 × 365 days =

87 days

e. Inventory turnover period = Average inventory

Cost of sales × 365 days = 1,270,045,000

4,459,253,000 × 365 days = 104 days

f. Receivables turnover = Credit sales

Average receivables = 7,018,922,000

1,944,549,000 =4 times

g. Payables turnover = Credit purchases

Average payables = 4,459,253,000

1,063,864,000 = 4 times

h. Inventory turnover = Cost of sales

Average inventory = 4,459,253,000

1,270,045,000 = 4 times

i. Returns on capital employed = Profit

Capital employed × 100% = 63,341,000

5,005,286,000 × 100% =1%

J. Gross profit percentage = Gross profit

Sales × 100% = 2,514,857,000

4,459,253,000 × 100% = 56%

k. Net profit margin = Net profit

Sales × 100% = 93,165,000

4,459,253,000 × 100% = 2%

**GLAXOSMITH**

a. Current ratio = Current asset

Current liabilities = 13,338,313,000

6,760,189,000 = 2:1

b. Quick asset = Current asset – Inventory

Current liabilities = 13,338,313,000 – 3,938,707,000

6,760,189,000 = 1:1

c. Receivables collection period = Average trade receivables

Credit sales × 365 days = 5,740,325,000

18,411,475,000 × 365 days = 114 days

d. Payables payment period = Average trade payables

Credit purchases × 365 days = 6,244,359,000

11,654,697,000 × 365 days = 196days

e. Inventory turnover period = Average inventory

Cost of sales × 365 days = 3,938,707,000

11,654,697,000 × 365 days = 123 days

f. Receivables turnover = Credit sales

Average trade receivables = 18,411,475,000

5,740,325,000 = 3 times

g. Payables turnover = Credit purchases

Average trade payables = 11,654,697,000

6,244,359,000 = 2 times

h. Inventory turnover = Cost of sales

Average inventory = 11,654,697,000

3,938,707,000 = 3 times

i. Returns on capital employed = Profit

Capital employed × 100% = 618,389,000

8,758,276,000 × 100% =7.1%

j. Gross profit percentage = Gross profit

Sales × 100% = 6,756,778,000

11,654,697,000 × 100% = 58%

k. Net profit margin = Net profit

Sales × 100% = 618,389,000

11,654,697,000 × 100% = 5.3%

For Health sector, Glaxosmith is able to pay for its Current liabilities better than May and Baker. The both companies Quick Assets shows that May and Baker’s liquidation is better than that of Glaxosmith. But for Receivables turnover period, while May and Baker will need 100 days to be able to collect their credit accounts from the customer twill take Glaxosmith 114 days to do that. For Payables payment period, it will take May and Baker 87 days to pay it suppliers while Glaxosmith needs 196 days to do that. And so on…. I’ll advice the customer to go for May and Baker because it more likely to benefit him/her.

**TELECOMMUNICATION**

**MTN COMPANY LIMITED (2017)**

a. Current ratio = Current asset

Current liabilities = 59,900

65,116 = 1:1

b. Quick asset = Current asset – Inventory

Current liabilities = 59,900 – 3,000

65,116 = 1:1

c. Receivables collection period = Average trade receivables

Credit sales × 365 days = 33,694

132,815 × 365 days = 93 days

d. Payables payment period = Average trade payables

Credit purchases × 365 days = 22,859

132,815 × 365 days = 63 days

e. Inventory turnover period = Average inventory

Cost of sales × 365 days = 1,500

132,815 × 365 days = 4 days

f. Receivables turnover = Credit sales

Average trade receivables = 132,815

33,693 = 4 times

g. Payables turnover = Credit purchases

Average trade payables = 132,815

22,895 = 6 times

h. Inventory turnover = Cost of sales

Average inventory = 132,815

1,500 = 9 times

i. Returns on capital employed = Profit

Capital employed × 100% = 4,541

177,299 × 100% = 2.6%

j. Gross profit percentage = Gross profit

Sales × 100% = 6,516

132,815 × 100% = 4.9%

k. Net profit margin = Net profit

Sales × 100% = 4,541

132,815 × 100% = 3.4%

**CHAMPS PLC (2017)**

a. Current ratio = Current asset

Current liabilities = 2,161,853,000

1,627,573,000 = 1:1

b. Quick asset = Current asset – inventory

Current liabilities = 2,161,853,000 – 592,767,000

1,627,573,000 = 1:1

c. Receivables collection period = Average trade receivables

Credit sales × 365 days = 624,098,500

3,390,692,000 × 365 days = 67 days

d. Payables payment period = Average trade payables

Credit purchases × 365 days = 555,913,000

3,390,692,000 × 365 days = 60 days

e. Inventory turnover period = Average inventory

Cost of sales × 365 days = 296,383,500

3,390,692,000 × 365 days = 32 days

f. Receivables turnover = Credit sales

Average trade receivables = 3,390,692,000

624,098,500 = 5 times

g. Payables turnover = Credit purchases

Average trade payables = 3,390,692,000

555,913,000 = 6 times

h. Inventory turnover = Cost of sales

Average inventory = 3,390,692,000

296,383,500 =11 times

i. Returns on capital employed = Profit

Capital employed × 100% = 517,562,000

8,461,288,000 × 100% = 6.1%

j. Gross profit percentage = Gross profit

Sales × 100% = 1,386,621,000

3,390,692,000 × 100% = 40.9%

k. Net profit margin = Net profit

Sales × 100% = 517,562,000

3,390,692,000 × 100% = 15.3%

For Communication, MTN and Champs PLC are both able to pay for their Current liabilities. The both companies Quick Assets also shows that both companies liquidation are the same. But for Receivables turnover period, while Champs PLC will need 67 days to be able to collect their credit accounts from the customer twill take MTN 93 days to do that. For Payables payment period, it will take Champs PLC 60 days to pay it suppliers while MTN needs 63 days to do that. And so on…. I’ll advice the customer to go for MTN because it more likely to benefit him/her.

**CONSUMER SERVICES**

**ABC TRANSPORT**

a. Current ratio = Current asset

Current liabilities = 876,429,000

1,506,683,000 = 1:1

b. Quick asset = Current asset – Inventory

Current liabilities = 876,429,000 – 212,857,000

1,506,683,000 = 1:1

c. Receivables collection period = Average trade receivables Credit sales × 365 days = 199,000,500

1,087,878,000 × 365 days =

67 days

d. Payables payment period = Average trade payables

Credit purchases × 365 days = 329,225,000

1,087,878,000 × 365 days =110 days

e. Inventory turnover period = Average inventory

Cost of sales × 365 days = 106,428,500

1,087,878,000 × 365 days = 36 days

f. Receivables turnover = Credit sales

Average trade receivables = 1,087,878,000

199,000,500 = 5 times

g. Payables turnover = Credit purchases

Average trade payables = 1,087,878,000

329,225,000 = 3 times

h. Inventory turnover = Cost of sales

Average inventory = 1,087,878,000

106,428,500 = 10 times

i. Returns on capital employed = Profit

Capital employed × 100% = 71,353,000

2,195,402,000 × 100% = 3%

j. Gross profit percentage = Gross profit

Sales × 100% = 244,937,000

1,087,878,000 × 100% = 23%

k. Net profit margin = Net profit

Sales × 100% = 71,353,000

1,087,878,000 × 100% = 7%

**CAPITAL HOTELS PLC**

a. Current ratio = Current asset

Current liabilities =5,698,295,000

2,630,478,000 = 2:1

b. Quick asset = Current asset – inventory

Current liabilities = 5,698,295,000 – 141,990,000

2,630,478,000 = 2:1

c. Receivables collection period = Average trade receivables

Credit sales × 365 days = 810,038,500

4,869,732,000 × 365 days = 61 days

d. Payables payment period = Average trade payables

Credit purchases × 365 days = 1,189,048,000

4,869,732,000 × 365 days = 89 days

e. Inventory turnover period = Average inventory

Cost of sales × 365 days = 70,995,000

4,869,732,000 × 365 days = 5 days

f. Receivables turnover = Credit sales

Average trade receivables = 4,869,732,000

810,038,500 = 6 times

g. Payables turnover = Credit purchase

Average trade payables = 4,869,732,000

1,189,048,000 = 4 times

h. Inventory turnover = Cost of sales

Average inventory = 4,869,732,000

70,995,000 = 69 times

i. Returns on capital employed = Profit

Capital employed × 100% = 379,946,000

7,446,341,000 = 5%

j. Gross profit percentage = Gross profit

Sales × 100% = 1,107,704,000

4,869,732,000 × 100% = 23%

k. Net profit margin = Net profit

Sales × 100% = 379,946,000

4,869,732,000 × 100% = 8%

For Consumer services, Capital hotel is able to pay for its Current liabilities better than ABC transport. Also, Quick Assets shows that Capital hotel’s liquidation is better than ABC transport. But for Receivables turnover period, while Capital hotel will need 61 days to be able to collect their credit accounts from the customer twill take ABC transport 67 days to do that. For Payables payment period, it will take Capital hotel 89 days to pay it suppliers while ABC transport needs 110 days to do that. And so on…. I’ll advice the customer to go for Capital hotel because it more likely to benefit him/her.

**OIL AND GAS**.

**OANDO**

a. Current ratio = Current asset

Current liabilities = 130,118,542,000

448,602,832,000 = 1:1

b. Quick asset = Current asset – inventory

Current liabilities = 130,118,542,000 – 28,392,500,000

448,602,832,000 = 1:1

c. Receivables collection period = Average trade receivables

Credit sales × 365 days = 42,395,722,000

488,938,074,000 × 365 days = 32 days

d. Payables payment period = Average trade payables

Credit purchases × 365 days = 132,708,826,000

488,938,074,000 × 365 days = 99 days

e. Inventory turnover period = Average inventory

Cost of sales × 365 days = 14,196,250,000

488,938,074,000 × 365 days = 11 days

f. Receivables turnover = Credit sales

Average trade receivables = 488,938,074,000

42,395,772,000 = 12 times

g. Payables turnover = Credit purchases

Average trade payables = 488,938,074,000

132,708,826,000 = 4 times

h. Inventory turnover = Cost of sales

Average inventory = 488,938,074,000

14,196,250,000 = 34 times

i. Returns on capital employed = Profit

Capital employed × 100% = 18,321,877,000

626,507,603,000 × 100% = 3%

j. Gross profit percentage = Gross profit

Sales × 100% = 419,914,000

488,938,074,000 × 100% = 0%

k. Net profit margin = Net profit

Sales × 100% = 18,321,877,000

488,938,074,000 × 100% = 4%

**MOBIL**

a. Current ratio = Current asset

Current liabilities = 34,183,632,000

19,327,761,000 = 2:1

b. Quick asset = Current asset – inventory

Current liabilities = 34,183,632,000 – 17,918,599,000

19,327,761,000 = 1:1

c. Receivables collection period = Average trade receivables

Credit sales × 365 days = 5,756,945,000

148,015,916,000 × 365 days

= 14 days

d. Payables payment period = Average trade payables

Credit purchases × 365 days = 4,106,050,500

148,015,916,000 ×365days = 10 days

e. Inventory turnover = Average inventory

Cost of sales × 365 days = 8,959,299,500

148,015,916,000 × 365 days = 22 days

f. Receivables turnover = Credit sales

Average trade receivables = 148,015,916,000

5,756,945,000 = 26 times

g. Payables turnover = Credit purchases

Average trade payables = 148,015,916,000

4,106,050,500 = 36 times

h. Inventory turnover = Cost of sales

Average inventory = 148,015,916,000

8,959,299,500 = 17 times

i. Returns on capital employed = Profit

Capital employed × 100% = 7,518,733,000

51,333,037,000 × 100% = 15%

j. Gross profit percentage = Gross profit

Sales × 100% = 16,593,619,000

148,051,916,000 × 100% = 11%

k. Net profit margin = Net profit

Sales × 100% = 7,518,733,000

148,051,916,000 × 100% = 5%

For Oil and Gas sector, Mobil is able to pay for its Current liabilities better than Oando. The both companies Quick Assets shows that both companies liquidation are the same. But for Receivables turnover period, while Mobil will need 14 days to be able to collect their credit accounts from the customer twill take Oando 32 days to do that. For Payables payment period, it will take Mobil 610 days to pay it suppliers while Oando needs 99 days to do that. And so on…. I’ll advice the customer to go for Mobile because it more likely to benefit him/her.